

SENATE BILL 3730
By Cohen

AN ACT to amend Tennessee Code Annotated, Title 47,
relative to items sold on consignment.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 47-2-326, is amended by adding the following language as a new subdivision:

(4)

(A) As used in this subdivision:

(i) "Consignor" means any person who delivers personal property to a consignee for the purpose of sale to the public on a commission or fee or other basis of compensation, and is not in the regular business of placing such personal property for sale; and

(ii) "Consignee" means a dealer who receives and accepts personal property from a consignor for the purpose of sale to the public on a commission or fee or other basis of compensation.

(B) A contract between a consignor and consignee for the sale of personal property shall contain the following provisions:

(i) The consignor has the right to protect his or her interest in the personal property by filing a Uniform Commercial Code 1 financing statement with the secretary of the state, and that absent such filing the property may be subject to seizure if the consignee declares bankruptcy.

(ii) A financial institution may have a security interest in the inventory of the consignee.

(C) An entity that sells not only its own items but also consigned items, shall display a sign visible to the public that the entity “takes and displays items of consignment for sale” and shall further disclose to the purchaser whether the item purchased was owned by the entity or a consigned item.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it and shall apply to all contracts between a consignor and consignee for the sale of personal property entered into on or after the effective date of this act.